



March 28, 2016

VIA EMAIL

Brian Robinson, Plan Administrator
City of Avon Park
Police Officers' Retirement System
1535 State Road 64 West, Suite 101
Avon Park, FL 33825

Re: City of Avon Park Police Officers' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Brian:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke
Enclosures

cc via email: Scott R. Christiansen, Board Attorney

CITY OF AVON PARK
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:



Date: 3/28/2016

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2015 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	34,314	35,512	56,707
Interest	464,239	478,104	463,326
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(302,143)	(309,888)	(385,120)
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(279,363)	(279,363)	(279,363)
Net Change in Total Pension Liability	(82,953)	(75,635)	(144,450)
Total Pension Liability - Beginning	5,953,311	6,125,424	7,850,036
Total Pension Liability - Ending (a)	<u>\$ 5,870,358</u>	<u>\$ 6,049,789</u>	<u>\$ 7,705,586</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	84,937	84,937	84,937
Contributions - State	54,943	54,943	54,943
Contributions - Employee	7,634	7,634	7,634
Contributions - Buy Back	-	-	-
Net Investment Income	(71,456)	(71,456)	(71,456)
Benefit Payments, Including Refunds of Employee Contributions	(279,363)	(279,363)	(279,363)
Administrative Expenses	(39,184)	(39,184)	(39,184)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(242,489)	(242,489)	(242,489)
Plan Fiduciary Net Position - Beginning	6,259,202	6,259,202	6,259,202
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,016,713</u>	<u>\$ 6,016,713</u>	<u>\$ 6,016,713</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (146,355)</u>	<u>\$ 33,076</u>	<u>\$ 1,688,873</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 13,114</u>	<u>\$ 27,298</u>	<u>\$ 132,283</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% and RP-2000 Static Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	6,016,713	-	332,916	-	468,020	6,151,817
2016	6,151,817	-	362,108	-	477,661	6,267,370
2017	6,267,370	-	364,930	-	486,792	6,389,232
2018	6,389,232	-	367,657	-	496,432	6,518,007
2019	6,518,007	-	429,694	-	504,253	6,592,566
2020	6,592,566	-	445,455	-	509,587	6,656,698
2021	6,656,698	-	449,131	-	514,571	6,722,138
2022	6,722,138	-	452,408	-	519,675	6,789,405
2023	6,789,405	-	472,688	-	524,245	6,840,962
2024	6,840,962	-	476,502	-	528,217	6,892,677
2025	6,892,677	-	492,824	-	531,701	6,931,554
2026	6,931,554	-	495,230	-	534,715	6,971,039
2027	6,971,039	-	497,740	-	537,774	7,011,073
2028	7,011,073	-	500,104	-	540,882	7,051,851
2029	7,051,851	-	500,204	-	544,140	7,095,787
2030	7,095,787	-	501,401	-	547,607	7,141,993
2031	7,141,993	-	502,686	-	551,252	7,190,559
2032	7,190,559	-	503,657	-	555,098	7,242,000
2033	7,242,000	-	502,402	-	559,264	7,298,862
2034	7,298,862	-	502,086	-	563,826	7,360,602
2035	7,360,602	-	499,840	-	568,855	7,429,617
2036	7,429,617	-	497,815	-	574,457	7,506,259
2037	7,506,259	-	494,868	-	580,706	7,592,097
2038	7,592,097	-	490,897	-	587,732	7,688,932
2039	7,688,932	-	485,798	-	595,683	7,798,817
2040	7,798,817	-	479,483	-	604,726	7,924,060
2041	7,924,060	-	471,865	-	615,050	8,067,245
2042	8,067,245	-	462,873	-	626,865	8,231,237
2043	8,231,237	-	452,443	-	640,401	8,419,195
2044	8,419,195	-	440,512	-	655,915	8,634,598
2045	8,634,598	-	427,030	-	673,687	8,881,255
2046	8,881,255	-	411,967	-	694,022	9,163,310
2047	9,163,310	-	395,326	-	717,252	9,485,236
2048	9,485,236	-	377,158	-	743,733	9,851,811
2049	9,851,811	-	357,547	-	773,843	10,268,107
2050	10,268,107	-	336,619	-	807,984	10,739,472
2051	10,739,472	-	314,553	-	846,576	11,271,495
2052	11,271,495	-	291,581	-	890,056	11,869,970
2053	11,869,970	-	267,980	-	938,878	12,540,868
2054	12,540,868	-	244,076	-	993,506	13,290,298
2055	13,290,298	-	220,223	-	1,054,415	14,124,490
2056	14,124,490	-	196,777	-	1,122,088	15,049,801
2057	15,049,801	-	174,070	-	1,197,021	16,072,752
2058	16,072,752	-	152,393	-	1,279,724	17,200,083
2059	17,200,083	-	131,995	-	1,370,727	18,438,815
2060	18,438,815	-	113,081	-	1,470,582	19,796,316
2061	19,796,316	-	95,789	-	1,579,874	21,280,401
2062	21,280,401	-	80,243	-	1,699,222	22,899,380
2063	22,899,380	-	66,458	-	1,829,292	24,662,214
2064	24,662,214	-	54,413	-	1,970,801	26,578,602
2065	26,578,602	-	44,046	-	2,124,526	28,659,082
2066	28,659,082	-	35,252	-	2,291,316	30,915,146

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% and RP-2000 Static Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2067	30,915,146	-	27,902	-	2,472,096	33,359,340
2068	33,359,340	-	21,850	-	2,667,873	36,005,363
2069	36,005,363	-	16,939	-	2,879,751	38,868,175
2070	38,868,175	-	13,010	-	3,108,934	41,964,099
2071	41,964,099	-	9,908	-	3,356,732	45,310,923
2072	45,310,923	-	7,487	-	3,624,574	48,928,010
2073	48,928,010	-	5,616	-	3,914,016	52,836,410
2074	52,836,410	-	4,185	-	4,226,745	57,058,970
2075	57,058,970	-	3,101	-	4,564,594	61,620,463
2076	61,620,463	-	2,287	-	4,929,546	66,547,722
2077	66,547,722	-	1,680	-	5,323,751	71,869,793
2078	71,869,793	-	1,228	-	5,749,534	77,618,099
2079	77,618,099	-	892	-	6,209,412	83,826,619
2080	83,826,619	-	642	-	6,706,104	90,532,081
2081	90,532,081	-	457	-	7,242,548	97,774,172
2082	97,774,172	-	322	-	7,821,921	105,595,771
2083	105,595,771	-	223	-	8,447,653	114,043,201
2084	114,043,201	-	153	-	9,123,450	123,166,498
2085	123,166,498	-	104	-	9,853,316	133,019,710
2086	133,019,710	-	70	-	10,641,574	143,661,214
2087	143,661,214	-	47	-	11,492,895	155,154,062
2088	155,154,062	-	31	-	12,412,324	167,566,355
2089	167,566,355	-	20	-	13,405,308	180,971,643
2090	180,971,643	-	13	-	14,477,731	195,449,361
2091	195,449,361	-	9	-	15,635,949	211,085,301
2092	211,085,301	-	6	-	16,886,824	227,972,119
2093	227,972,119	-	4	-	18,237,769	246,209,884
2094	246,209,884	-	3	-	19,696,791	265,906,672
2095	265,906,672	-	2	-	21,272,534	287,179,204
2096	287,179,204	-	1	-	22,974,336	310,153,539
2097	310,153,539	-	1	-	24,812,283	334,965,821
2098	334,965,821	-	-	-	26,797,266	361,763,087

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 8.00% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	6,016,713	-	333,049	-	468,015	6,151,679
2016	6,151,679	-	362,585	-	477,631	6,266,725
2017	6,266,725	-	365,776	-	486,707	6,387,656
2018	6,387,656	-	368,903	-	496,256	6,515,009
2019	6,515,009	-	431,454	-	503,943	6,587,498
2020	6,587,498	-	447,791	-	509,088	6,648,795
2021	6,648,795	-	451,945	-	513,826	6,710,676
2022	6,710,676	-	455,682	-	518,627	6,773,621
2023	6,773,621	-	476,515	-	522,829	6,819,935
2024	6,819,935	-	480,721	-	526,366	6,865,580
2025	6,865,580	-	498,285	-	529,315	6,896,610
2026	6,896,610	-	501,486	-	531,669	6,926,793
2027	6,926,793	-	504,548	-	533,962	6,956,207
2028	6,956,207	-	507,503	-	536,196	6,984,900
2029	6,984,900	-	508,983	-	538,433	7,014,350
2030	7,014,350	-	511,112	-	540,704	7,043,942
2031	7,043,942	-	513,390	-	542,980	7,073,532
2032	7,073,532	-	515,483	-	545,263	7,103,312
2033	7,103,312	-	516,178	-	547,618	7,134,752
2034	7,134,752	-	517,551	-	550,078	7,167,279
2035	7,167,279	-	517,745	-	552,673	7,202,207
2036	7,202,207	-	518,097	-	555,453	7,239,563
2037	7,239,563	-	517,869	-	558,450	7,280,144
2038	7,280,144	-	516,995	-	561,732	7,324,881
2039	7,324,881	-	515,363	-	565,376	7,374,894
2040	7,374,894	-	512,881	-	569,476	7,431,489
2041	7,431,489	-	509,479	-	574,140	7,496,150
2042	7,496,150	-	505,078	-	579,489	7,570,561
2043	7,570,561	-	499,609	-	585,661	7,656,613
2044	7,656,613	-	492,881	-	592,814	7,756,546
2045	7,756,546	-	484,735	-	601,134	7,872,945
2046	7,872,945	-	475,154	-	610,829	8,008,620
2047	8,008,620	-	463,976	-	622,131	8,166,775
2048	8,166,775	-	451,003	-	635,302	8,351,074
2049	8,351,074	-	436,191	-	650,638	8,565,521
2050	8,565,521	-	419,545	-	668,460	8,814,436
2051	8,814,436	-	401,010	-	689,114	9,102,540
2052	9,102,540	-	380,568	-	712,980	9,434,952
2053	9,434,952	-	358,433	-	740,459	9,816,978
2054	9,816,978	-	334,977	-	771,959	10,253,960
2055	10,253,960	-	310,356	-	807,903	10,751,507
2056	10,751,507	-	284,891	-	848,725	11,315,341
2057	11,315,341	-	259,191	-	894,860	11,951,010
2058	11,951,010	-	233,498	-	946,741	12,664,253
2059	12,664,253	-	208,175	-	1,004,813	13,460,891
2060	13,460,891	-	183,635	-	1,069,526	14,346,782
2061	14,346,782	-	160,087	-	1,141,339	15,328,034
2062	15,328,034	-	137,945	-	1,220,725	16,410,814
2063	16,410,814	-	117,424	-	1,308,168	17,601,558
2064	17,601,558	-	98,598	-	1,404,181	18,907,141
2065	18,907,141	-	81,738	-	1,509,302	20,334,705
2066	20,334,705	-	66,796	-	1,624,105	21,892,014

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 8.00% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2067	21,892,014	-	53,894	-	1,749,205	23,587,325
2068	23,587,325	-	42,950	-	1,885,268	25,429,643
2069	25,429,643	-	33,705	-	2,033,023	27,428,961
2070	27,428,961	-	26,105	-	2,193,273	29,596,129
2071	29,596,129	-	20,011	-	2,366,890	31,943,008
2072	31,943,008	-	15,148	-	2,554,835	34,482,695
2073	34,482,695	-	11,339	-	2,758,162	37,229,518
2074	37,229,518	-	8,398	-	2,978,026	40,199,146
2075	40,199,146	-	6,177	-	3,215,685	43,408,654
2076	43,408,654	-	4,535	-	3,472,511	46,876,630
2077	46,876,630	-	3,311	-	3,749,998	50,623,317
2078	50,623,317	-	2,393	-	4,049,770	54,670,694
2079	54,670,694	-	1,720	-	4,373,587	59,042,561
2080	59,042,561	-	1,228	-	4,723,356	63,764,689
2081	63,764,689	-	869	-	5,101,140	68,864,960
2082	68,864,960	-	608	-	5,509,172	74,373,524
2083	74,373,524	-	420	-	5,949,865	80,322,969
2084	80,322,969	-	287	-	6,425,826	86,748,508
2085	86,748,508	-	194	-	6,939,873	93,688,187
2086	93,688,187	-	130	-	7,495,050	101,183,107
2087	101,183,107	-	86	-	8,094,645	109,277,666
2088	109,277,666	-	57	-	8,742,211	118,019,820
2089	118,019,820	-	37	-	9,441,584	127,461,367
2090	127,461,367	-	25	-	10,196,908	137,658,250
2091	137,658,250	-	16	-	11,012,659	148,670,893
2092	148,670,893	-	10	-	11,893,671	160,564,554
2093	160,564,554	-	7	-	12,845,164	173,409,711
2094	173,409,711	-	4	-	13,872,777	187,282,484
2095	187,282,484	-	3	-	14,982,599	202,265,080
2096	202,265,080	-	2	-	16,181,206	218,446,284
2097	218,446,284	-	1	-	17,475,703	235,921,986
2098	235,921,986	-	1	-	18,873,759	254,795,744
2099	254,795,744	-	-	-	20,383,660	275,179,404

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 6.00% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	6,016,713	-	333,049	-	351,011	6,034,675
2016	6,034,675	-	362,585	-	351,203	6,023,293
2017	6,023,293	-	365,776	-	350,424	6,007,941
2018	6,007,941	-	368,903	-	349,409	5,988,447
2019	5,988,447	-	431,454	-	346,363	5,903,356
2020	5,903,356	-	447,791	-	340,768	5,796,333
2021	5,796,333	-	451,945	-	334,222	5,678,610
2022	5,678,610	-	455,682	-	327,046	5,549,974
2023	5,549,974	-	476,515	-	318,703	5,392,162
2024	5,392,162	-	480,721	-	309,108	5,220,549
2025	5,220,549	-	498,285	-	298,284	5,020,548
2026	5,020,548	-	501,486	-	286,188	4,805,250
2027	4,805,250	-	504,548	-	273,179	4,573,881
2028	4,573,881	-	507,503	-	259,208	4,325,586
2029	4,325,586	-	508,983	-	244,266	4,060,869
2030	4,060,869	-	511,112	-	228,319	3,778,076
2031	3,778,076	-	513,390	-	211,283	3,475,969
2032	3,475,969	-	515,483	-	193,094	3,153,580
2033	3,153,580	-	516,178	-	173,729	2,811,131
2034	2,811,131	-	517,551	-	153,141	2,446,721
2035	2,446,721	-	517,745	-	131,271	2,060,247
2036	2,060,247	-	518,097	-	108,072	1,650,222
2037	1,650,222	-	517,869	-	83,477	1,215,830
2038	1,215,830	-	516,995	-	57,440	756,275
2039	756,275	-	515,363	-	29,916	270,828
2040	270,828	-	512,881	-	-	-
2041	-	-	509,479	-	-	-

Number of Years Expected Benefit Payments Sustained: 25.53

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$48,543	\$50,414	\$189,126
Total Required Contribution (% of Payroll)	23.5%	24.4%	91.4%
Expected Member Contribution	10,347	10,347	10,347
Expected State Money	54,943	54,943	54,943
Expected Sponsor Contribution (Fixed \$)	\$0	\$0	\$123,836
Expected Sponsor Contribution (% of Payroll)	0.0%	0.0%	59.7%

ASSETS

Actuarial Value	6,282,750	6,282,750	6,282,750
Market Value	6,016,713	6,016,713	6,016,713

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	1,186,759	1,231,329	1,700,756
Disability Benefits	3,384	3,537	4,935
Death Benefits	5,670	4,651	6,424
Vested Benefits	31,381	33,024	50,989
Refund of Contributions	1,733	1,733	1,925
Service Retirees	2,102,871	2,147,209	2,710,083
Beneficiaries	135,973	138,639	159,463
Disability Retirees	1,284,775	1,327,013	1,656,542
Terminated Vested	1,123,539	1,172,730	1,551,608
Excess State Monies Reserve / Share Plan	44,955	44,955	44,955
Total:	5,921,040	6,104,820	7,887,680
Present Value of Future Salaries	837,695	838,137	915,365
Present Value of Future Member Contributions	41,885	41,907	45,768
Total Normal Cost	45,795	47,560	76,168
Present Value of Future Normal Costs (Entry Age Normal)	193,432	202,110	350,578
Total Actuarial Accrued Liability	5,727,608	5,902,710	7,537,102
Unfunded Actuarial Accrued Liability (UAAL)	(555,142)	(380,040)	1,254,352

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ¹	48,543	50,414	80,738
Administrative Expenses ¹	41,535	41,535	41,535
Payment Required To Amortize UAAL ¹	(70,452)	(55,186)	66,853
Total Required Contribution	\$48,543 ²	\$50,414 ²	\$189,126

¹ Contribution requirements include a salary increase component only, based on a beginning-of-year funding methodology.

² Per Florida Statutes, the Minimum Required Contribution may be no less than the Normal Cost.